

**NATIONAL RAILROAD PASSENGER CORPORATION**

**BOARD OF DIRECTORS**

**MINUTES OF MEETING**

**MARCH 21, 2018**

The Board of Directors of the National Railroad Passenger Corporation (Amtrak) met in the Board Room of the Corporation's headquarters located at 1 Massachusetts Ave., N.W., in Washington, D.C. on Wednesday, March 21, 2018.

Board Members participating in the meeting were Anthony Coscia (Board Chairman), Richard Anderson (President & CEO, non-voting), Yvonne Burke, Thomas Carper, Albert DiClemente, and Jeffrey Moreland.

Paul Nissenbaum (FRA Associate Administrator) participated in the meeting.

Mr. Coscia chaired the meeting and called it to order in Executive Session at 2:35 p.m.

**EXECUTIVE SESSION**

**APPROVAL OF MEETING MINUTES**

Following discussion, the Board voted to approve the minutes of its January 24 & 25, 2018 and February 4, 2018 meetings.

(6-0)

**PRESIDENT'S REPORT**

Mr. Anderson met with the Board in Executive Session for one hour.

**AUDIT & FINANCE COMMITTEE REPORT**

Mr. Moreland provided the Audit & Finance Committee report. He pointed out that Amtrak's outstanding debt was at a historically low level and that the Corporation has investment grade audit ratings. Mr. Moreland said that the Committee received reports Enterprise Risk Management, Insurance, and the FY17 Audit. He added that the FY17 Audit contained no material weaknesses.

**APPROVAL OF FY17 MD&A SUBMISSION**

Mr. Moreland presented the Board with resolutions approving the submission of annual financial statements and Management's Discussion & Analysis (MD&A). He said that the Committee reviewed the MD&A and recommended its approval by the Board.

After discussion, the Board voted to adopt the following resolutions:

**WHEREAS**, The Corporation is required to submit its annual audited financial statements to Congress each year in accordance with 49 U.S.C. § 24315(d); and

**WHEREAS**, The Corporation provides a link to its Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) when it submits its annual audited financial statements to Congress; and

**WHEREAS**, The Corporation is also required to deliver its MD&A to the Build America Bureau to satisfy a loan covenant in the Financing Agreement relating to the RRIF III loan; therefore, be it

**RESOLVED**, That the Corporation is hereby authorized to submit its FY 2017 audited financial statements to Congress, post its MD&A to www.amtrak.com, and provide its MD&A to the Build America Bureau.

(6-0)

**APPROVING THE ENGAGEMENT OF FY18 FINANCIAL AUDITORS**

Mr. Moreland presented the Board with resolutions approving the engagement of Ernst & Young, LLP and Amtrak's FY18 financial auditors. He said that the Committee reviewed the details of Management's request and recommended approving the engagement.

After discussion, the Board voted to adopt the following resolutions:

**WHEREAS**, In April 2012, the Corporation issued a Request for Proposal (RFP) for external auditing services for fiscal year 2012 and future years; and

**WHEREAS**, As a result of that RFP, the Board of Directors approved the award of a contract (Contract) to Ernst & Young, LLP (EY), to perform the Corporation's financial audit for FY 2012 and potentially for future

years, subject to annual appointment by the Board of Directors as required by the Bylaws of the Corporation, with the option to perform each of the FY 2013, FY 2014, FY 2015 and FY 2016 financial audits, subject again to the annual appointment by the Board; and

**WHEREAS**, The Board of Directors ultimately approved the engagement of EY to perform the Corporation's financial audits for FY 2013, FY 2014, FY 2015, and FY 2016; and

**WHEREAS**, In January 2017, at the recommendation of the Audit & Finance Committee, the Board voted to amend the Contract to provide for a one-year extension for FY 2017 and an additional option year (FY 2018 Option) at the Corporation's discretion and subject to Board approval, and approved the engagement of EY to perform the Corporation's financial audits for FY 2017; and

**WHEREAS**, The Audit & Finance Committee has recommended that the Board approve the exercise of the FY 2018 Option and the engagement of EY to perform the Corporation's financial audits for FY 2018, for the fees set forth in the resolutions of the Audit & Finance Committee, and that the Contract be further amended to provide for an additional option year (FY 2019 Option) at the Corporation's discretion and subject to Board approval; and

**WHEREAS**, The Board of Directors deems it to be in the best interests of the Corporation that the FY 2018 Option should be so exercised and EY should be so engaged, and that the Contract should also be amended to provide for the FY 2019 Option; therefore, be it

**RESOLVED**, That the Board of Directors approves (i) the exercise of the FY 2018 Option under the Contract, (ii) the engagement of EY to perform the Corporation's various financial audits for FY 2018 or CY 2018, as the case may be, for the fees set forth in the resolutions of the Audit & Finance Committee, and (iii) an amendment to the Contract providing for the FY 2019 Option at the Corporation's discretion and subject to Board approval; and

**FURTHER RESOLVED**, That the President and Chief Executive Officer, the Chief Financial Officer, or the Chief Logistics Officer are authorized to execute an amendment to the Contract and to take all other actions necessary to give effect to the foregoing resolution.

PERSONNEL & COMPENSATION COMMITTEE REPORT

Mr. DiClemente provided the Personnel & Compensation Committee report. He said that the Committee discussed the new parental leave policy, pay equity policy, the leadership summit, and C-2. Mr. DiClemente informed the Board that all labor contracts had been signed and are scheduled to be ratified in May.

SAFETY & SECURITY COMMITTEE REPORT

Mr. Carper provided the Safety & Security Committee report. He said that the Committee discussed safety performance metrics and the implementation of a Safety Management System (SMS) and Positive Train Control (PTC). Mr. Carper added that the Committee reviewed railroad crossing/trespasser incidents, major incidents, follow-up items related to the Train 501 incident, and discussed all accident investigations.

GOVERNMENT RELATIONS, LEGAL, AND GOVERNMENT RELATIONS COMMITTEE REPORT

Mr. Coscia provided the Governance Committee report. He discussed the recent Congressional hearings involving PTC, appointees to the Surface Transportation Board (STB), and the recent White House nominee to the Amtrak Board. A general discussion ensued regarding the Board's composition and succession. The Chairman discussed corporate communications, compliance with consent decrees, indemnification matters and the ADA consent decree settlements.

The Executive Session concluded at 4:25 p.m., and the Board took a brief break.

At 4:35 p.m., Chairman Coscia reconvened the meeting.

Eleanor D. Acheson (Executive Vice President, Chief Legal Officer, General Counsel & Corporate Secretary), William N. Feidt (Executive Vice

President, Chief Financial Officer), Stephen Gardner (Executive Vice President, Chief Commercial Officer), Phil A. Hancock (Senior Assistant Corporate Secretary), Ken Hylander (Executive Vice President, Chief Safety Officer), Scot Naparstek (Executive Vice President, Chief Operating Officer), and D.J. Stadtler (Executive Vice President, Chief Administration Officer) joined the meeting.

#### OPERATIONS REPORT

Mr. Naparstek provided the Operations Report. He discussed operations performance, major train performance, and delays. He explained that slow orders, commuter train interference, and Metro-North drove delay minutes in the Northeast Corridor and that freight train interference, passenger train interference, and signal delays drove delay minutes on the State Supported and Long Distance Routes. Mr. Naparstek noted that Amtrak is focusing on primary delays through root cause analyses on on-time performance (OTP) and that legislative avenues are being pursued to compel host railroads to honor their legal preference obligations to passenger trains.

Mr. Naparstek updated the Board on Engineering production and the Engineering Capital Program. He said that at the close of January 2018, the capital program was 23.2% underspent, but there has been some recovery in recent weeks. Mr. Naparstek noted that the capital program is forecast to be 3.4% underspent for the year.

The Board reviewed the Operations report, and Mr. Naparstek and Mr. Anderson responded to questions.

#### PTC UPDATE

Mr. Naparstek provided the Positive Train Control (PTC) implementation update. He presented the Board with a map illustrating the Amtrak route system, and he detailed the implementation progress being made on each route and by each of the railroads. The Board discussed the PTC implementation report and Mr. Naparstek, Mr. Anderson, and Mr. Gardner responded to questions.

#### MARKETING & COMMERCIAL REPORT

Mr. Griffin provided the Marketing Report, starting with the February 2018 results. He highlighted that February ticket revenue was \$1.2 million short of budget and that FYTD ticket revenue was \$4.9 million short, but is \$33.9 million over FY17. Mr. Griffin said that ridership was equal to budget and 2% over FY17. He updated the Board on eCSI, on-board Wi-Fi, train cleanliness, and the Amfleet refresh, stating that all of those programs were moving in the right direction. Mr. Griffin discussed fare initiatives. He said that the cancellation policy has been established and that Amtrak will promote a "4-day sale" soon with discounts of up to 33% off. Mr. Griffin noted that revisions to the change fee policy will be introduced in the coming months. He added that the Amtrak Guest Rewards (AGR) program reached its 8 millionth member, and there are plans to encourage current employees to sign up for the program and consider using the Amtrak co-branded credit card.

Mr. Gardner reported on system performance of the Northeast Corridor, State Supported, and Long Distance service lines. He updated the Board on product development strategies and initiatives, noting that a train cleanliness audit initiative has begun and that a new dining car model pilot is being tested on two overnight trains. Mr. Gardner reported on Amtrak's \$212 agreements, he said that all of the New York MTA railroad agreements have been signed, and with the State of Maryland, a strategy which will likely involve a Surface Transportation Board filing and an arbitration is being pursued.

The Board discussed the Marketing & Commercial report and Mr. Gardner, Mr. Griffin, and Mr. Anderson responded to questions.

#### FINANCE REPORT

Mr. Feidt provided the Finance Report. Regarding the adjusted operating earnings, he reported that the Corporation recorded YTD February FY18 adjusted operating earnings of \$173.5 million (\$75.6 million unfavorable to plan) and a \$94.4 million decrease over the prior

year. He said that YTD February included one-time impacts from Train 501, Train 91, and severance costs from Management's reduction in force. Mr. Feidt discussed the February YTD Capital spend, he said that Amtrak spent \$435.6 million (\$188.8 million favorable to plan) as projects were slow to start due to delays in infrastructure, station related, fleet, and IT spend. Mr. Feidt added that the ending cash balance for January was \$991.1 million, a \$348.1 million increase over the prior year. The Board discussed the financial report and Mr. Feidt responded to questions.

At 5:55 p.m., Management left the room and the Board continued to meet in Executive Session.

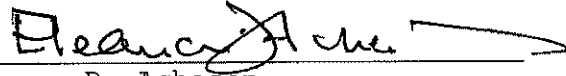
Ron Batory (Federal Railroad Administrator), Tom Howard (Inspector General), Kevin Winters (Deputy Inspector General) joined the meeting.

INSPECTOR GENERAL'S REPORT

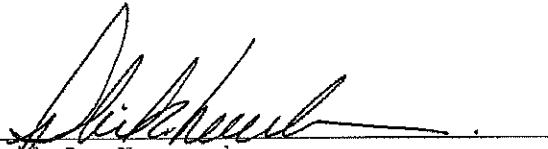
Mr. Howard and Mr. Winters reported to the Board on confidential Inspector General matters.

ADJOURNMENT

There being no further business before the Committee, the meeting adjourned at 6:40 p.m.



Eleanor D. Acheson  
Corporate Secretary



Phil A. Hancock  
Senior Assistant Corporate Secretary